

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY



W-01774A
Picacho Water Improvement
P. O. Box 44
Picacho AZ 85421

ANNUAL REPORT

RECEIVED

JAN 05 2006

AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

FOR YEAR ENDING

12	31	2003
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FOR COMMISSION USE

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Board of Directors
Picacho Water Improvement Corp.
Picacho, Arizona 85241

We have compiled the income and balance sheet information-income tax basis of Picacho Water Improvement Corporation, as of December 31, 2002 and 2003 and the related comparative statements of income and expenses-income tax basis for the years then ended, included in the accompanying prescribed form, in accordance with statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. We have also compiled the supplementary information presented in the prescribed form. The financial information has been prepared on the income tax basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Our compilation was limited to presenting in the form prescribed by the Arizona Department of Revenue information that is the representation of management. We have not audited or reviewed the financial information and supplementary information referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

The financial information and supplementary information are presented in accordance with the requirements of the Arizona Department of Revenue Property Tax Function, which differ from income tax basis of accounting. Accordingly, the financial information and supplementary information are not designed for those who are not informed about such differences.



June 29, 2005

COMPANY INFORMATION**Company Name (Business Name)** Picacho Water Improvement Corporation**Mailing Address** P O Box 44Picacho
(Street)Arizona85241

(City)

(State)

(Zip)

Telephone No. (Include Area Code)**Fax No. (Include Area Code)****Pager/Cell No. (Include Area Code)****Email Address** _____**Local Office Mailing Address** Same

(Street)

PicachoArizona85241

(City)

(State)

(Zip)

Local Office Telephone No. (Include Area Code)**Fax No. (Include Area Code)****Pager/Cell No. (Include Area Code)****Email Address** _____**MANAGEMENT INFORMATION****Management Contact:** Ed Kile**Manager**

(Name)

(Title)

P O Box 44PicachoArizona85241

(Street)

(City)

(State)

(Zip)

(520) 466-3787**Telephone No. (Include Area Code)****Fax No. (Include Area Code)****Pager/Cell No. (Include Area Code)****Email Address** _____**On Site Manager:** Ed Kile

(Name)

P O Box 44PicachoArizona85241

(Street)

(City)

(State)

(Zip)

(520) 466-3787**Telephone No. (Include Area Code)****Fax No. (Include Area Code)****Pager/Cell No. (Include Area Code)****Email Address** _____☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: <u>Ed Kile</u>	
(Name)	
(Street)	(City)
(State)	(Zip)
Telephone No. (Include Area Code)	Fax No. (Include Area Code)
Attorney: <u>Robert Lynch</u>	
(Name)	
340 E Palm Lane	Phoenix
(Street)	(City)
Arizona	85004
(State)	(Zip)
(602) 254-5908	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)
Pager/Cell No. (Include Area Code)	

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S) | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|-----------------------------------|---|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input checked="" type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME

Picacho Water Improvement Corporation

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	700	-0-	700
304	Structures and Improvements	933	933	-0-
307	Wells and Springs	7,479	4,394	3,085
311	Pumping Equipment	80,381	72,965	7,416
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	25,619	25,619	-0-
331	Transmission and Distribution Mains	61,778	61,778	-0-
333	Services			
334	Meters and Meter Installations	4,320	4,034	286
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	1,555	1,555	-0-
341	Transportation Equipment	9,245	9,245	-0-
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	3,251	3,251	-0-
	TOTALS	195,261	183,774	11,487

This amount goes on the Balance Sheet Acct. No. 108

See Accountant's Report

COMPANY NAME

Picacho Water Improvement Corporation

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	700		
304	Structures and Improvements	933		
307	Wells and Springs	7,479	20%	225
311	Pumping Equipment	80,381	20%	850
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	25,619		
331	Transmission and Distribution Mains	61,778		
333	Services			
334	Meters and Meter Installations	4,320	20%	51
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	1,555		
341	Transportation Equipment	9,245		
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	3,251		
	TOTALS	195,261		1,126

This amount goes on Comparative Statement of Income and Expense
Acct. No. 403.

See Accountant's Report

COMPANY NAME

Picacho Water Improvement Corporation

BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 14,108	\$ 26,049
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	12,725	18,468
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	298	298
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 27,131	\$ 44,815
	FIXED ASSETS		
101	Utility Plant in Service	\$ 195,261	\$ 195,261
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	182,648	183,774
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 12,613	\$ 11,487
	TOTAL ASSETS	\$ 39,744	\$ 56,302

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

See Accountant's Report

COMPANY NAME

PICACHO WATER IMPROVEMENT CORPORATION

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	7,002	7,002
236	Accrued Taxes	644	1,727
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 7,646	\$ 8,729
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 17,736	\$ 27,957
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$	\$
	TOTAL LIABILITIES	\$ 25,382	\$ 36,686
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 13,339	\$ 13,339
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	(674)	6,277
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 12,665	\$ 19,616
	TOTAL LIABILITIES AND CAPITAL	\$ 38,047	\$ 56,302

See Accountant's Report

COMPANY NAME	Picacho Water Improvement Corporation
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COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 55,641	\$ 60,160
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	\$ 55,641	\$ 60,160
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	12,710	11,505
618	Chemicals		
620	Repairs and Maintenance	13,845	8,393
621	Office Supplies and Expense	1,128	6,799
630	Outside Services	7,700	12,700
635	Water Testing	1,741	528
641	Rents		
650	Transportation Expenses	75	
657	Insurance - General Liability	1,027	1,276
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	4,466	2,485
403	Depreciation Expense	1,126	1,126
408	Taxes Other Than Income	4,761	3,596
408.11	Property Taxes	3,891	4,240
409	Income Tax	435	1,474
	TOTAL OPERATING EXPENSES	\$ 52,905	\$ 54,122
	OPERATING INCOME/(LOSS)	\$	\$
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 69	\$ 38
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	1,108	822
	TOTAL OTHER INCOME/(EXPENSE)	\$ 1,039	\$ 784
	NET INCOME/(LOSS)	\$ 1,697	\$ 5,254

See Accountant's Report

COMPANY NAME	Picacho Water Improvement Corporation
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SUPPLEMENTAL FINANCIAL DATA**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	11-18-71	8-6-80	10-28-03	
Source of Loan	FHA	FHA	Sunstate Bank	
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$ 30,000	\$ 25,000	\$ 15,000	\$
Amount Outstanding	\$ 9,259	\$ 4,129	\$ 14,569	\$
Date of Maturity	05-2017	6-2008	11-1-08	
Interest Rate				
Current Year Interest	\$ 428	\$ 225	\$ 169	\$
Current Year Principle	\$ 2,072	\$ 2,275	\$ 431	\$

Meter Deposit Balance at Test Year End

\$

Meter Deposits Refunded During the Test Year

\$

See Accountant's Report

COMPANY NAME	Picacho Water Improvement Corporation
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WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (Gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
622043	40	300	14"	20"	6"	1961
622044	25	65	12"	10"	3"	1961

- Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
50	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
200,000	1	7,500	1

See Accountant's Report

COMPANY NAME	Picacho Water Improvement Corporation
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WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4		3,000
5		
6		5,000
8		6,000
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	117
3/4	
1	
1 1/2	
2	6
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

STRUCTURES:

OTHER:

See Accountant's Report

COMPANY NAME: Picacho Water Improvement Corporation

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2003

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	126	1,263	1,535
FEBRUARY	127	1,187	1,331
MARCH	130	2,871	3,474
APRIL	127	1,886	2,291
MAY	127	2,269	2,757
JUNE	129	2,682	3,245
JULY	127	1,901	2,300
AUGUST	129	2,180	2,638
SEPTEMBER	131	2,327	2,827
OCTOBER	134	2,128	2,585
NOVEMBER	127	1,706	2,073
DECEMBER	126	1,591	1,933
TOTAL		N/A	28,989

Is the Water Utility located in an ADWR Active Management Area (AMA)?

☒ Yes ☐ No

Does the Company have An ADWR Gallons Per Capita Per Day (GPCPD) requirement?

☐ Yes ☒ No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. .011 mg/l Well #1
 (If more than one well, please list each separately) .0082 Well #2

Note: If you are filing for more than one system, please provide separate data sheets for each system.

See Accountant's Report

COMPANY NAME Picacho Water Improvement Corporation **YEAR ENDING 12/31/2003**

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2003 was: \$ 4,240

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

See Accountant's Report

COMPANY NAME Picacho Water Improvement Corporation

YEAR ENDING 12/31/2003

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	6,552
Estimated or Actual Federal Tax Liability	983

State Taxable Income Reported	<u>7,043</u>
Estimated or Actual State Tax Liability	<u>491</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____
 Amount of Gross-Up Tax Collected _____
 Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

SIGNATURE

DATE _____

PRINTED NAME**TITLE**

See Accountant's Report

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JAN 05 2006

AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only****VERIFICATION**STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>Pinal</u>
NAME (OWNER OR OFFICIAL) TITLE <u>Ed Kile, Manager</u>
COMPANY NAME <u>Picacho Water Improvement Corporation</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2003</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2003 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 60,160

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 3,733
IN SALES TAXES BILLED, OR COLLECTED

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 10th DAY OF

(SEAL)

MY COMMISSION EXPIRES _____

SIGNATURE OF OWNER OR OFFICIAL _____

TELEPHONE NUMBER _____

COUNTY NAME	<u>Pinal</u>
MONTH	<u>May</u>
	<u>20 04</u>

SIGNATURE OF NOTARY PUBLIC _____

RECEIVED

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

JAN 05 2006

AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING

(COUNTY NAME) Pinal	
NAME (OWNER OR OFFICIAL) Ed Kile	TITLE Manager
COMPANY NAME Picacho Water Improvement Corporation	

MONTH	DAY	YEAR
12	31	2003

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2003 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 45,762

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$2,837
IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

11th

DAY OF

(SEAL)

MY COMMISSION EXPIRES

X

SIGNATURE OF NOTARY PUBLIC

NOTARY PUBLIC NAME	
COUNTY NAME	Pinal
MONTH May	2004